Türk Telekom

Investor Presentation

2019 Q4

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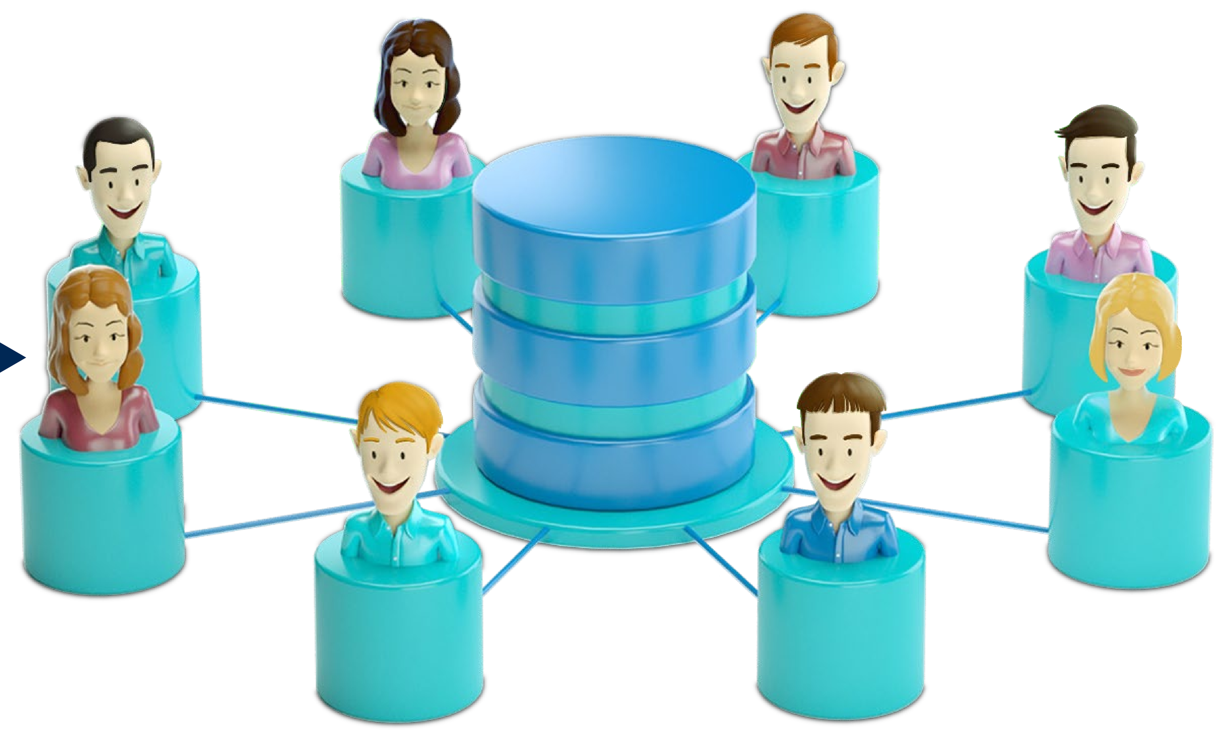
Note: EBITDA is a non-GAAP financial measure. The EBITDA definition used in this investor presentation includes revenues, cost of sales, marketing, sales and distribution expenses, general administrative expenses, research and development expenses and other operating income/(expense), and income/(expense) from investing activities, but excludes depreciation, amortization and impairment expenses, financial income/(expenses) presented in other operating income/(expenses) (i.e. FX gain/(loss), interest and rediscount income/(expense) on current accounts excluding bank borrowings).

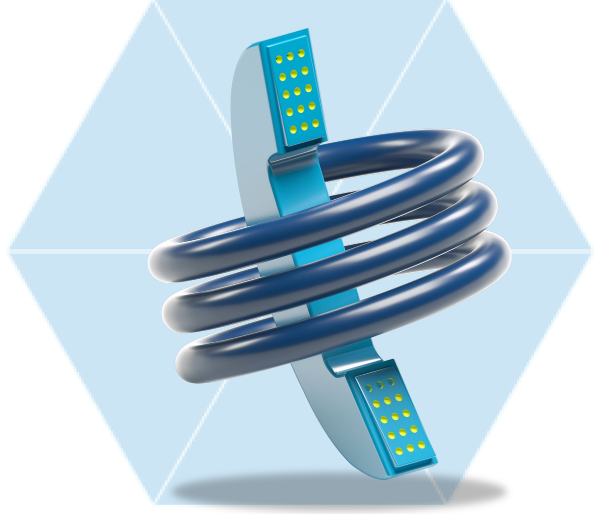
Net Subscriber Additions

79% of customers consented for sharing of their info among our group companies



3.2ppt YoY increase in multi product ownership to **63%***

	Q4 '19	2019
Broadband	**39K** exc. one-offs: 140K	**458K** exc. one-offs: 559K
Mobile	**186K** exc. one-offs: 356K	**1.4mn** exc. one-offs: 1.9mn
Fixed Voice	**24K** exc. one-offs: 53K	**96K** exc. one-offs: 125K



47.8mn total subscribers

1.8mn net additions* in 2019

2.4mn net additions* in 2019 exc. one-offs

*Includes Tivibu

*Among constant customer sub universe that provided consent last year
Note: Please see press release for the details of one-offs

Financial Performance

(TL mn)	2018	2019	Growth (YoY)	2018 Q4	2019 Q4	Growth (YoY)
Revenue	**20,431**	**23,657**	**15.8%**	**5,398**	**6,284**	**16.4%**
Revenue (exc. IFRIC12)[1]	19,660	22,634	15.1%	5,220	5.990	14.8%
EBITDA	**8,436**	**11,170**	**32.4%**	**2,229**	**2,828**	**26.9%**
EBITDA Margin	41.3%	47.2%		41.3%	45.0%	
Operating Profit	**4,701**	**6,424**	**36.7%**	**1,244**	**1,600**	**28.6%**
Net Income	**(1,391)**	**2,407**	**n.m.**	**2,215**	**545**	**(75.4)%**
CAPEX	**4,087**	**4,940**	**20.9%**	**1,451**	**2,149**	**48.2%**

(1) IFRIC 12 adjustment is a non-operational revenue line booked in conjunction with upgrades to fixed line infrastructure, such as the upgrade from copper to fiber based network

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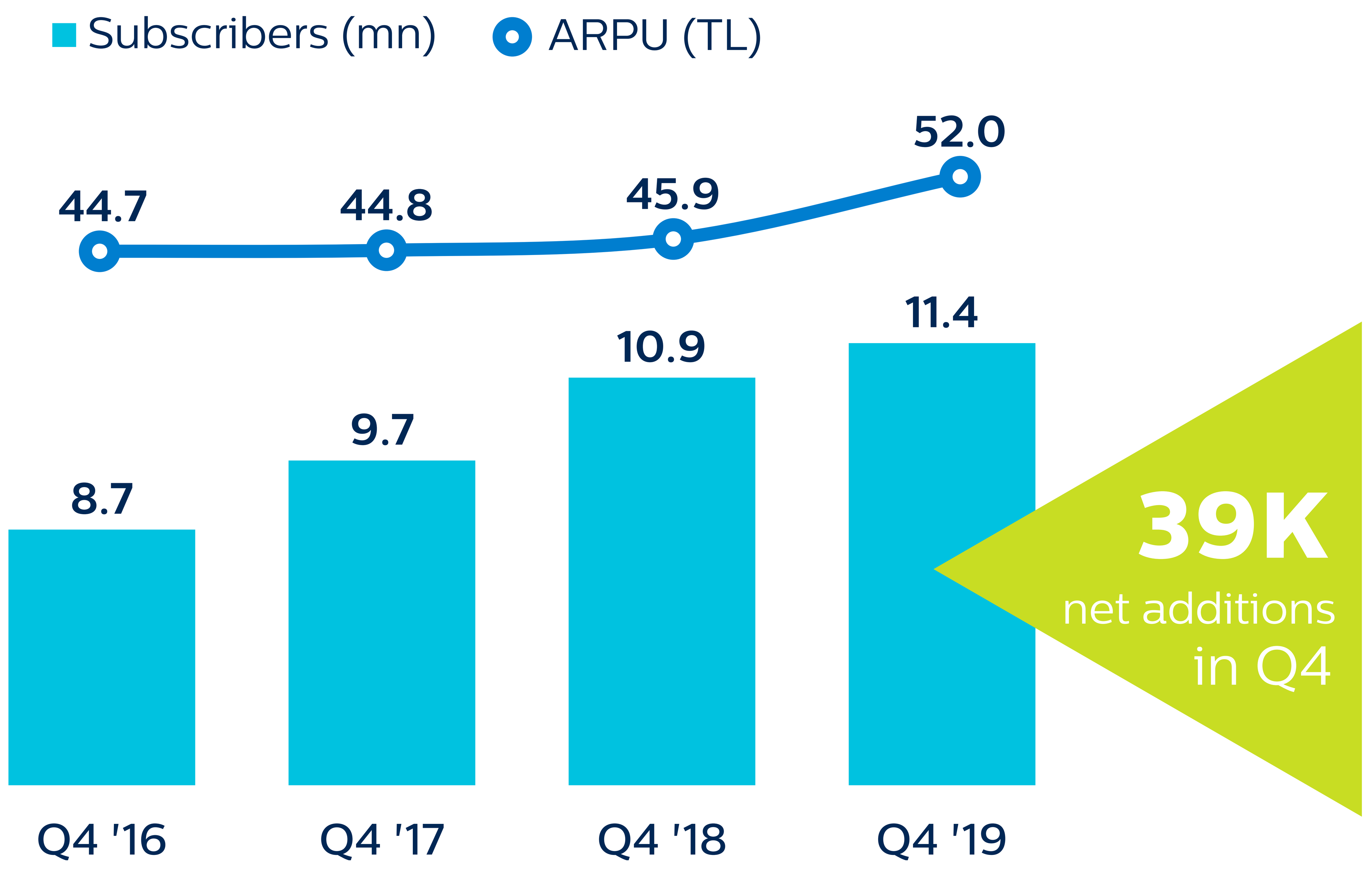
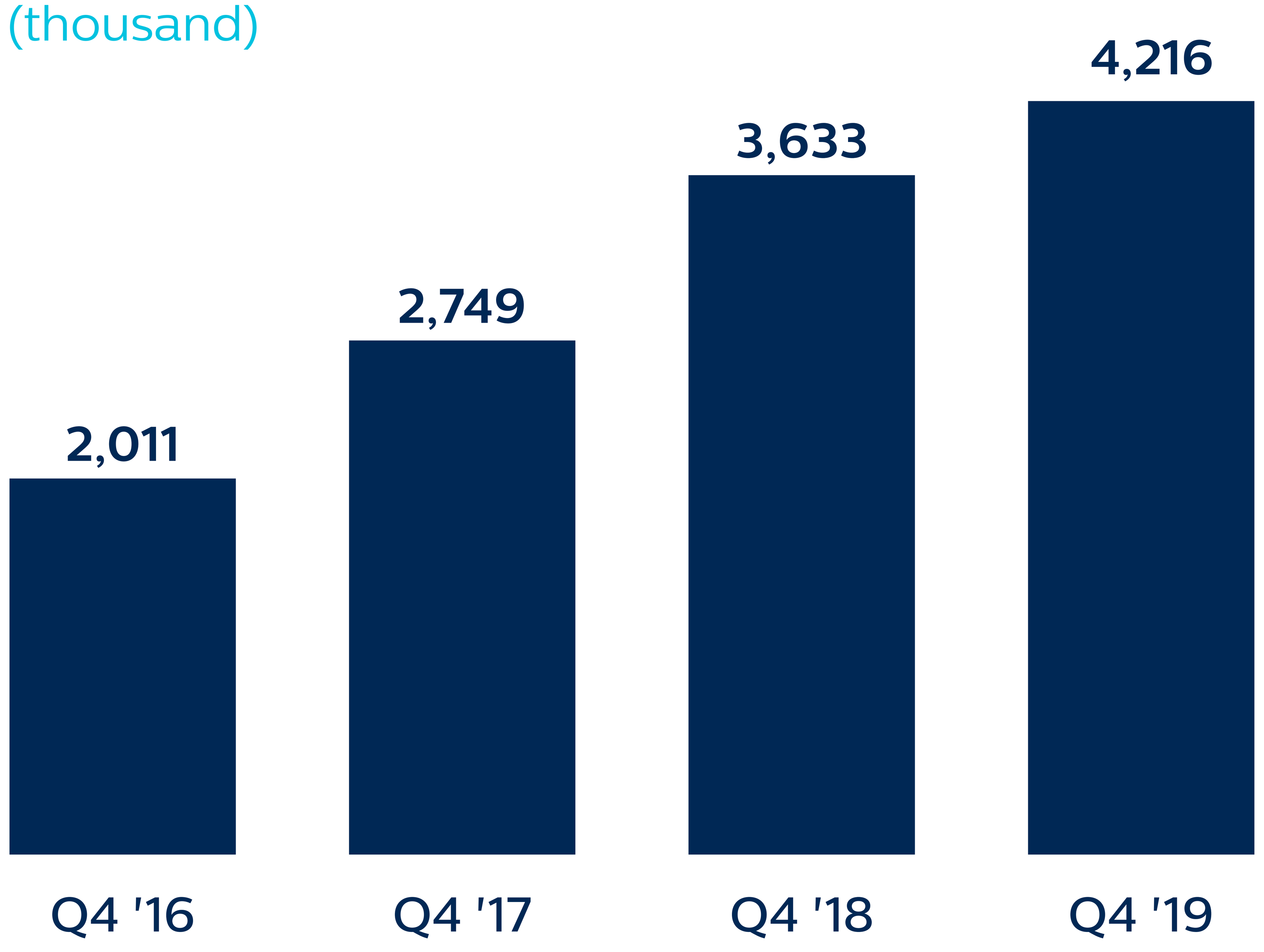
Fixed Broadband Performance

ARPU & Subscribers



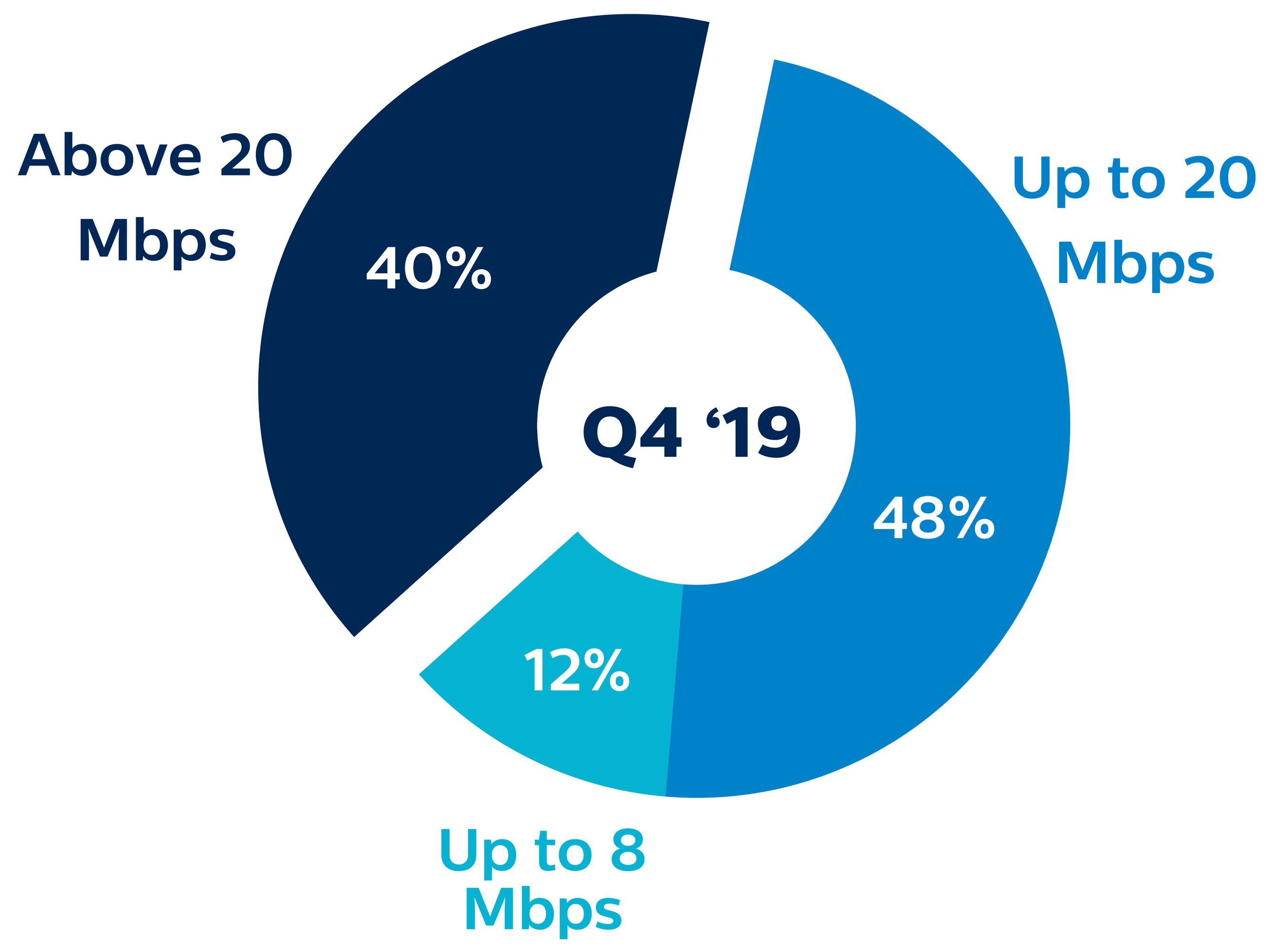
Fiber Subscribers

(thousand)



Speed Breakdown

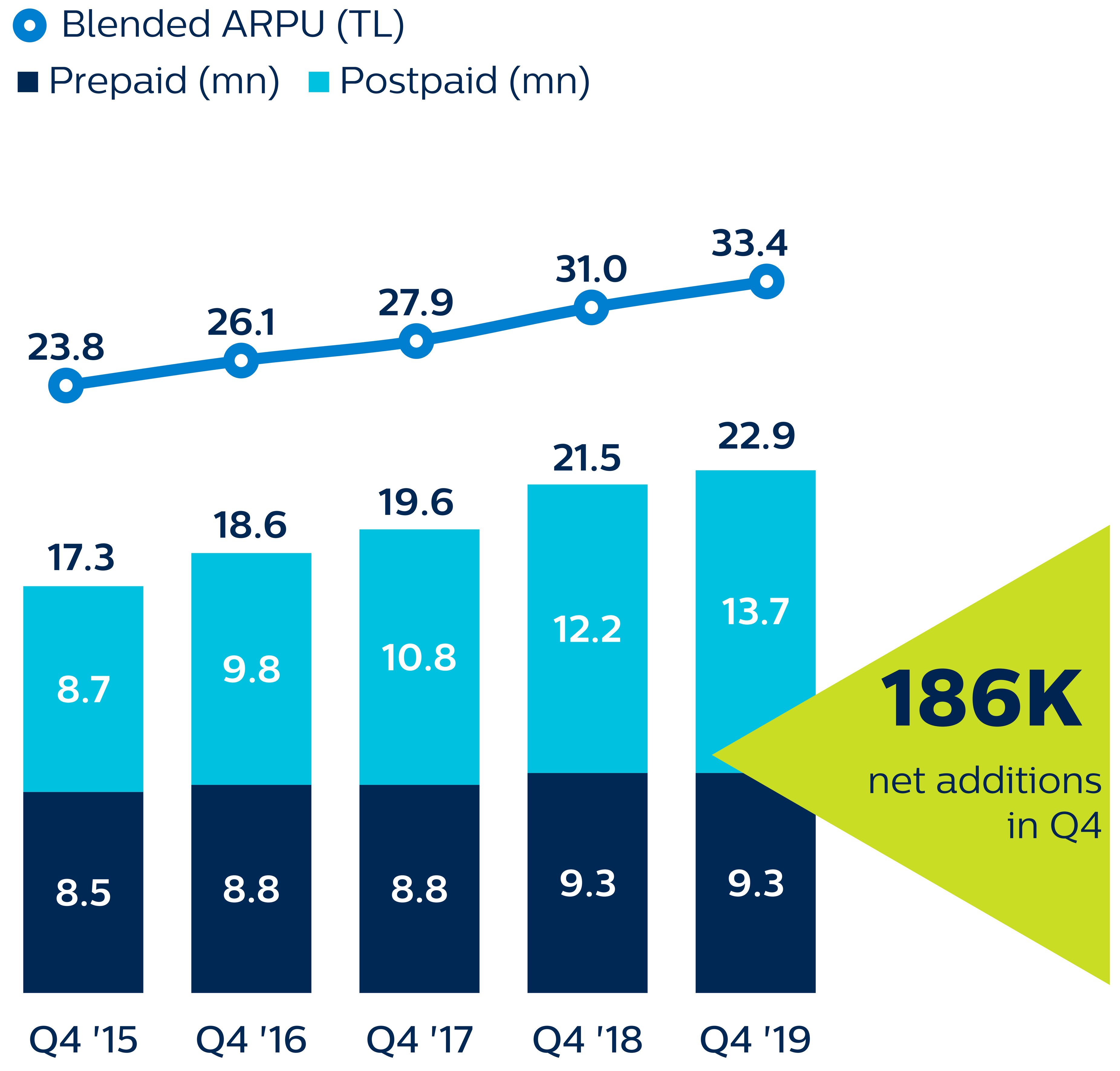
(% of Subscribers)



Excluding Internet Bizden subscribers
All figures are based on Türk Telekom's retail subscribers

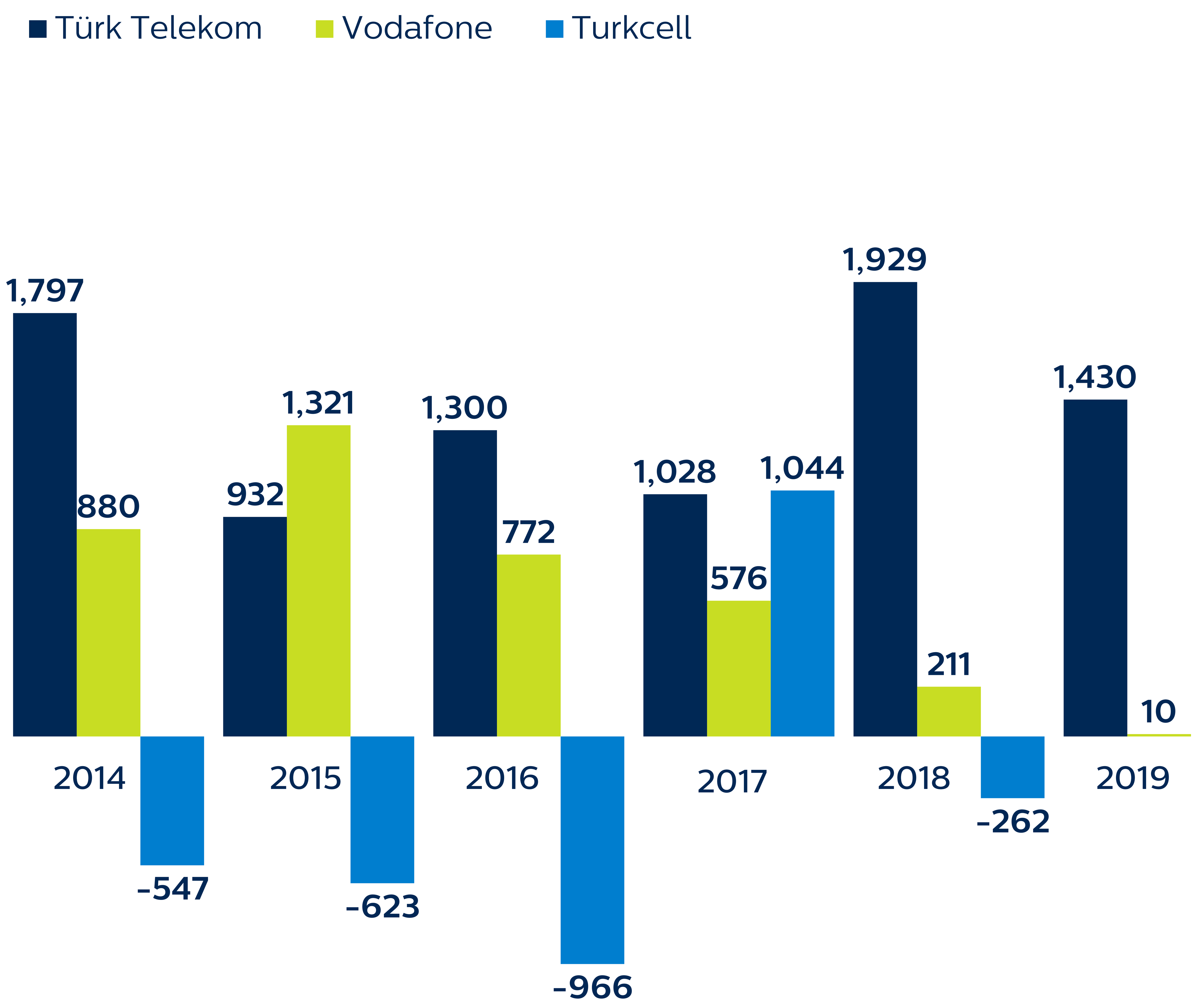
Mobile Performance

Growing ARPU & Subscriber Base



Net Subscriber Additions

(thousand)

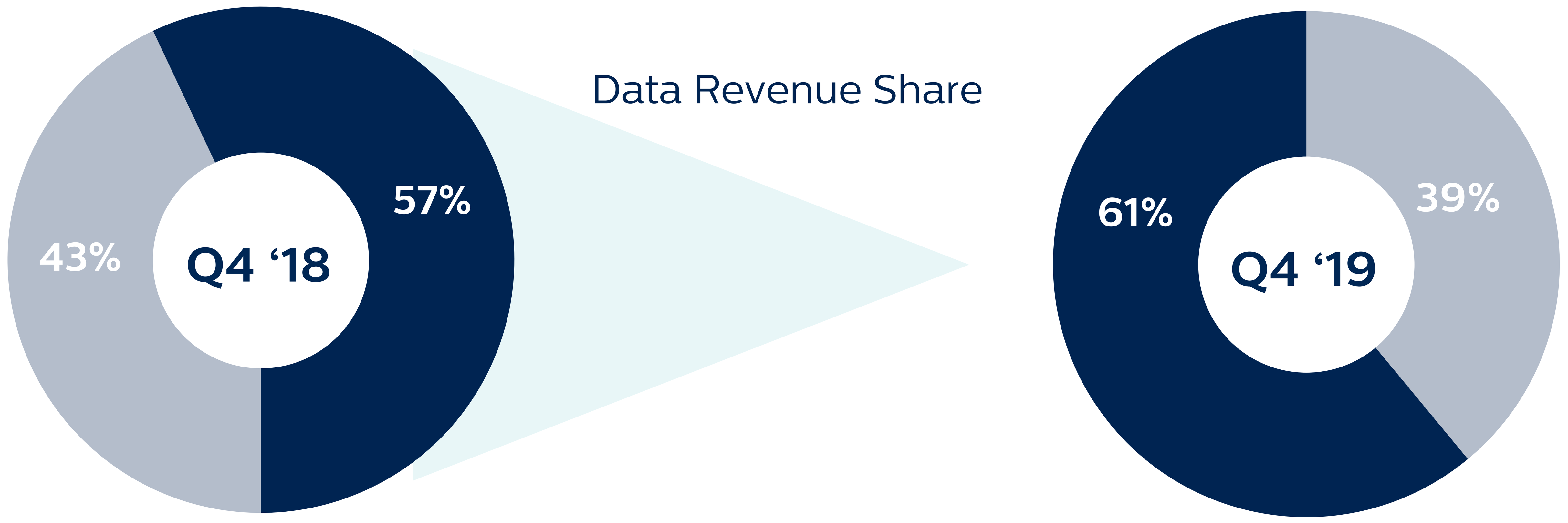


Other operators' data are from their own publications.

Mobile Data

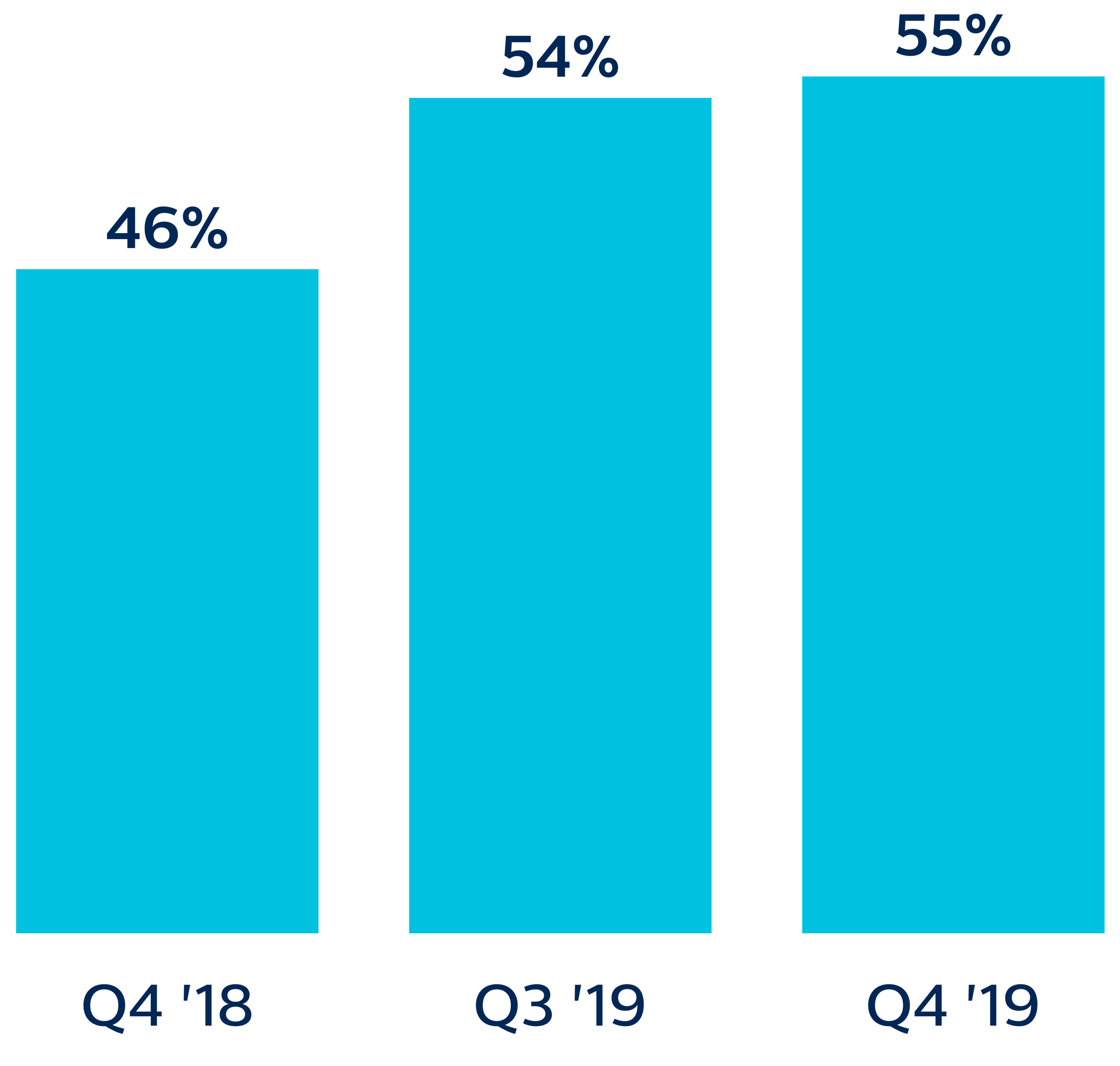
Data Revenue

(Mobile service revenue share)



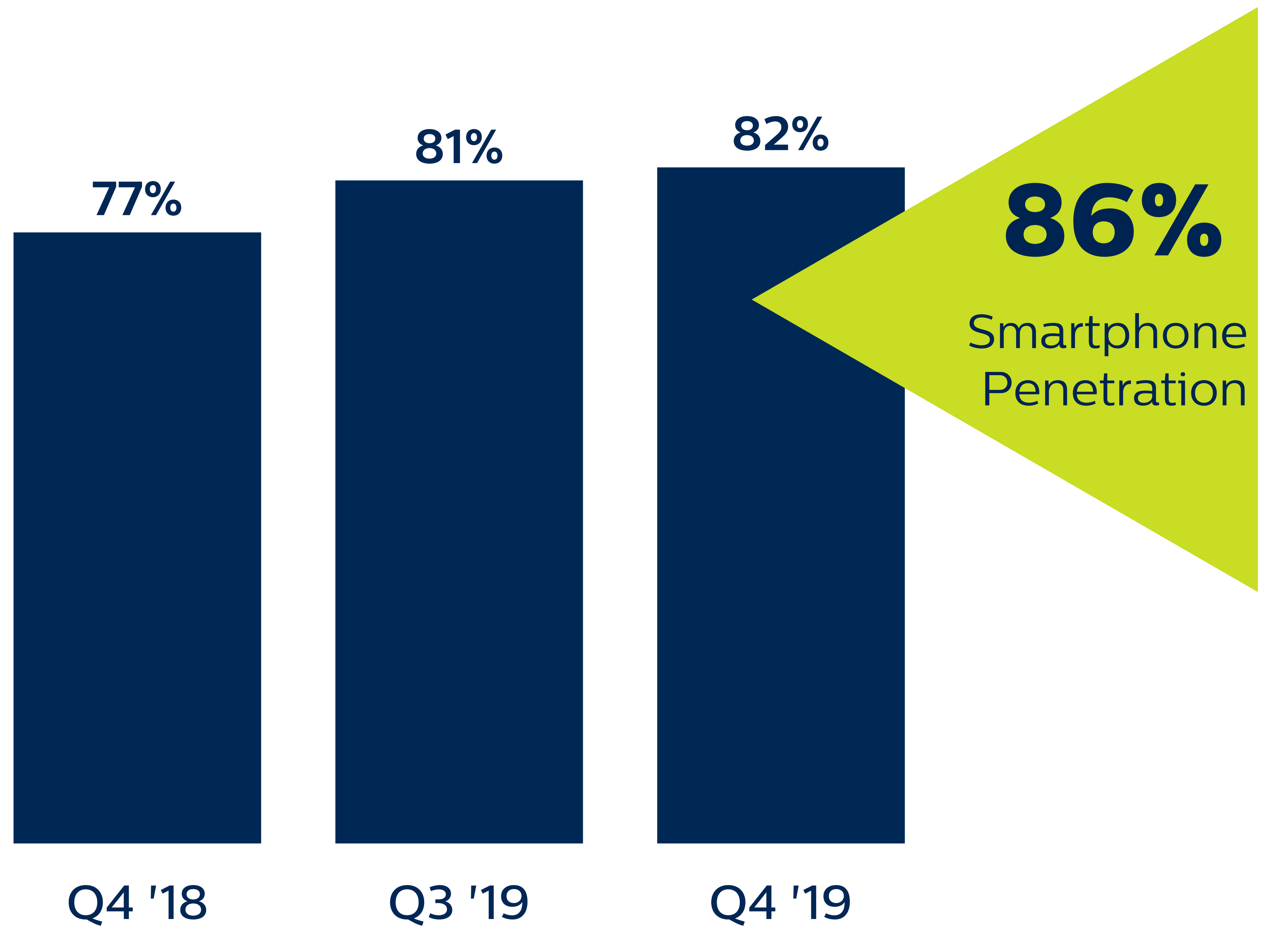
LTE Users*

(Total subscriber share)



*Subscribers who
1) registered for LTE
2) have LTE compatible device and simcard

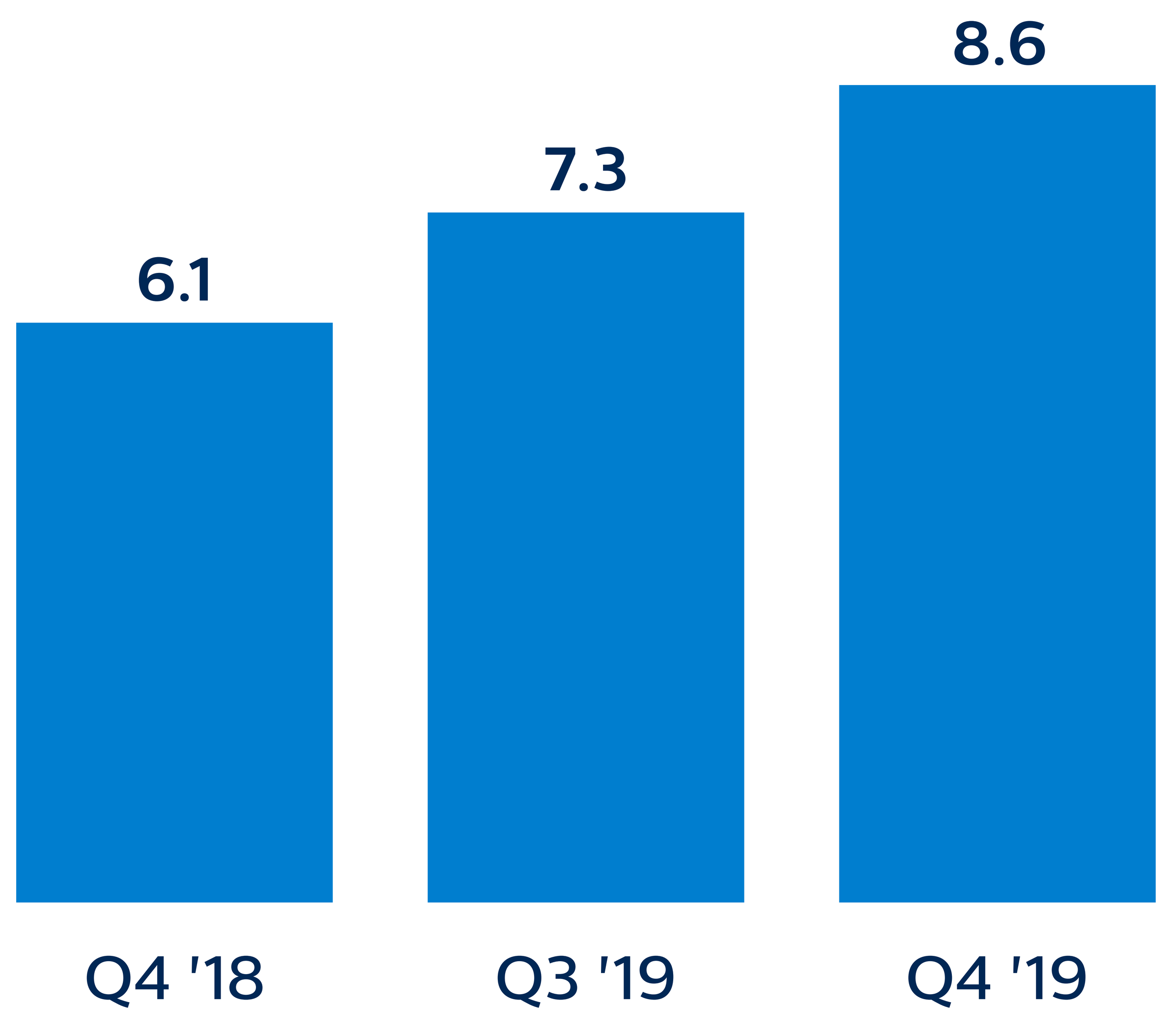
LTE Compatible Smartphone**



** Among smartphone users

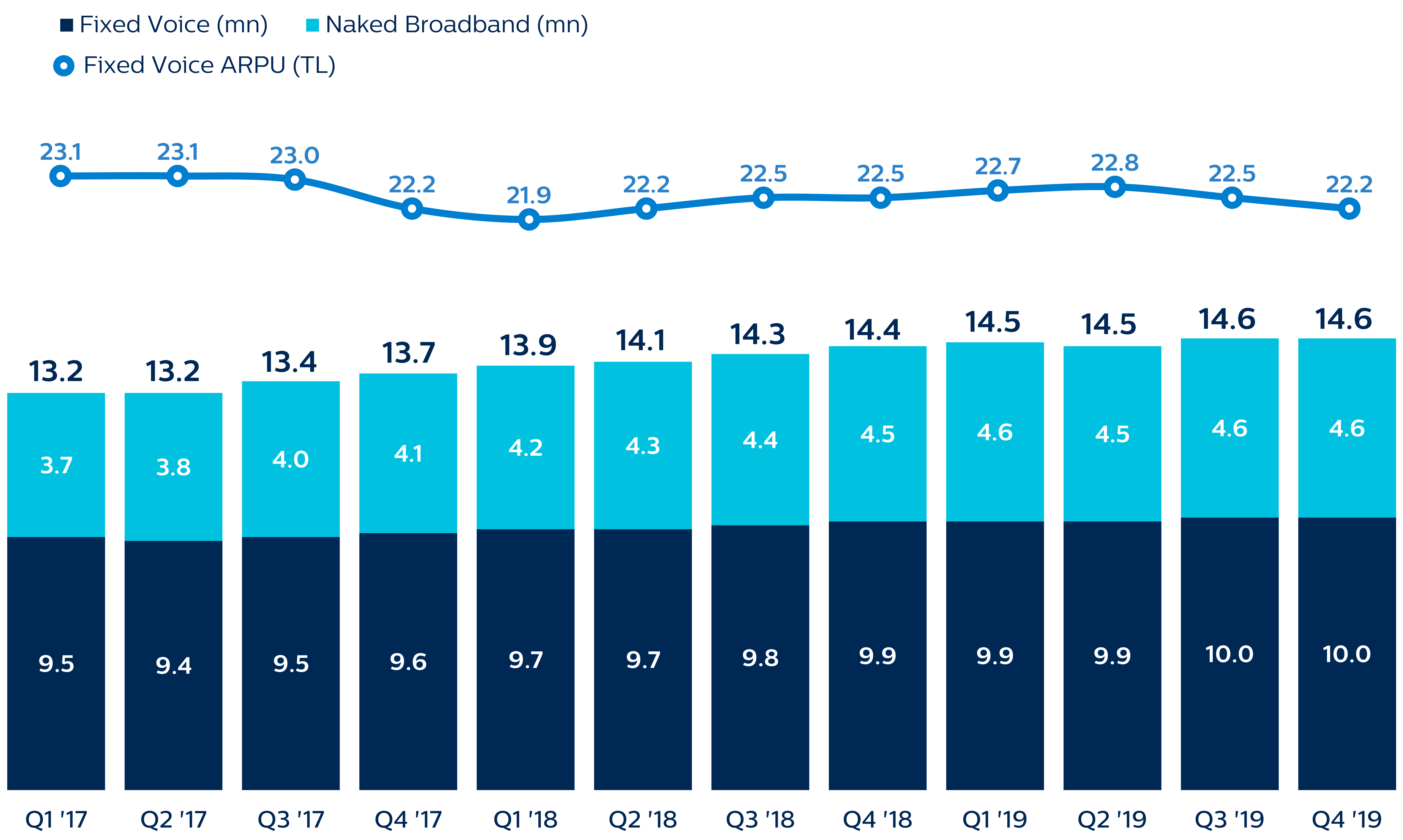
Avg. Monthly Mobile Data Usage

(GB per LTE user)



Fixed Voice Performance

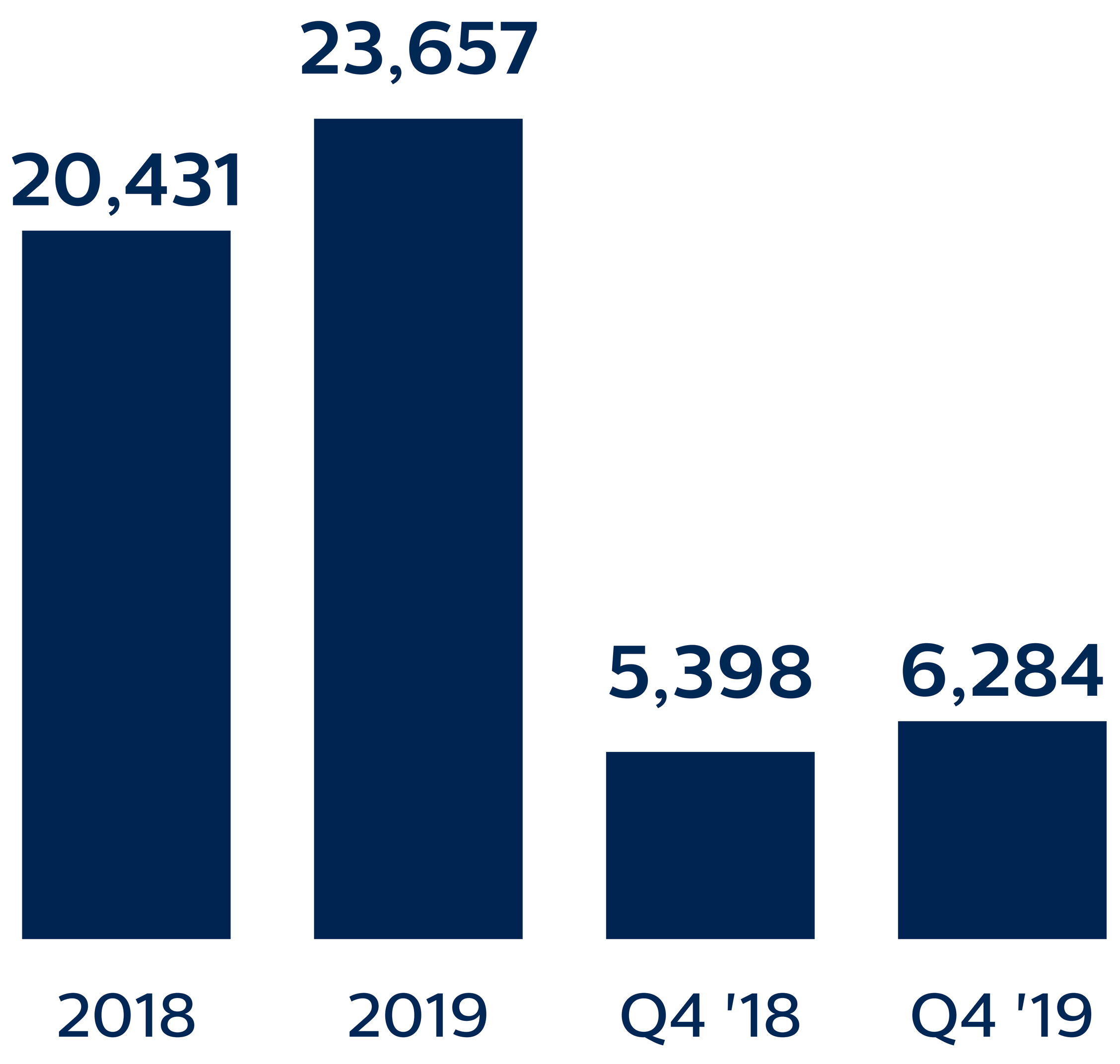
Access Lines and ARPU



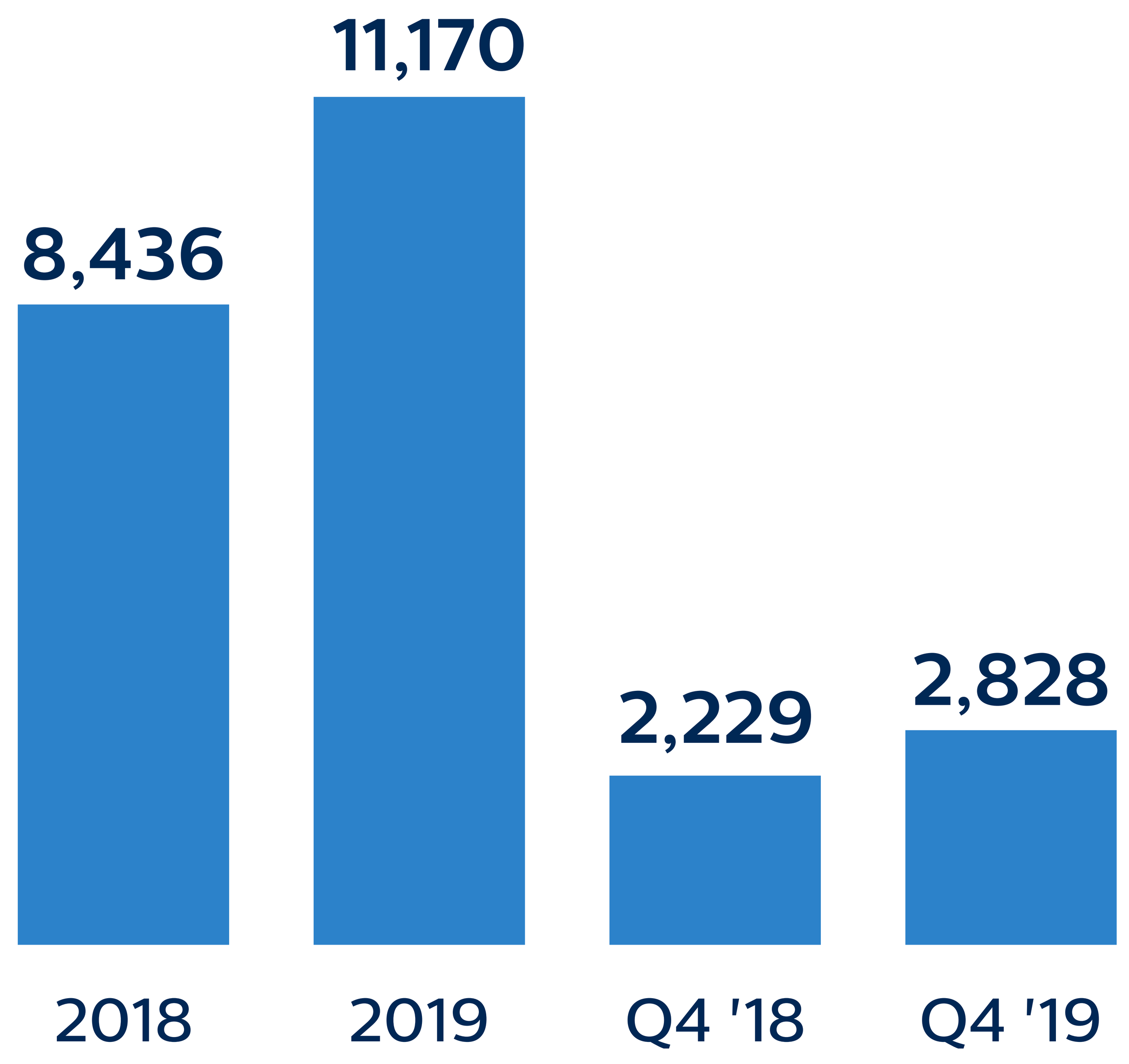
Financials

Financial Performance

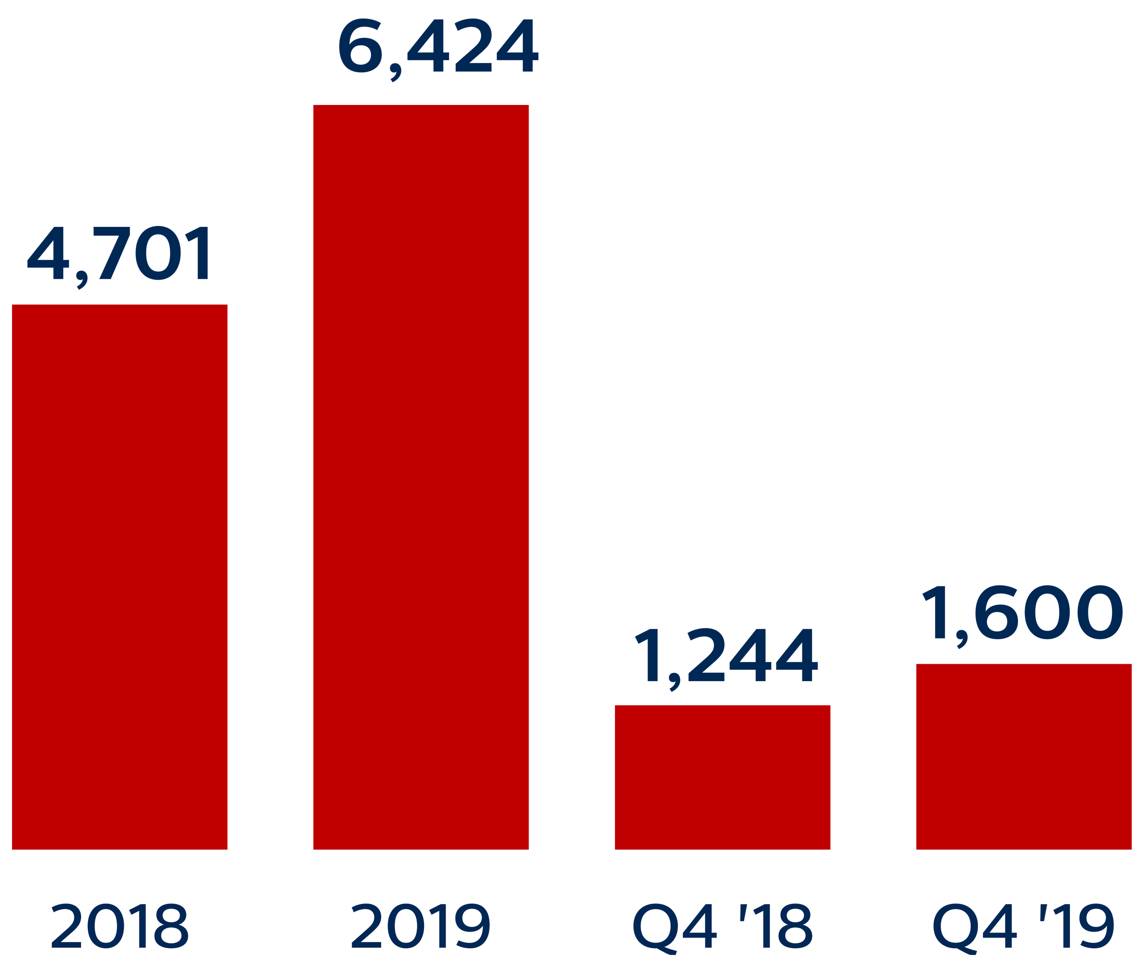
Revenue
(TL mn)



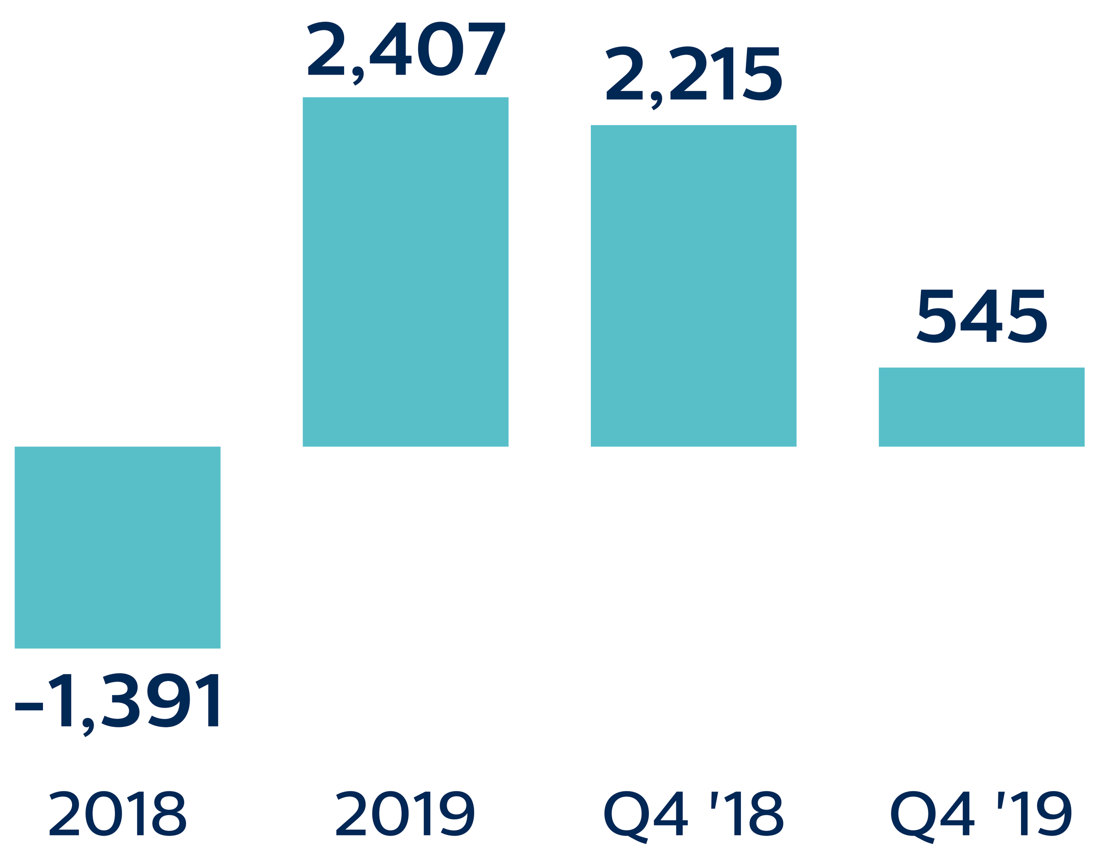
EBITDA
(TL mn)



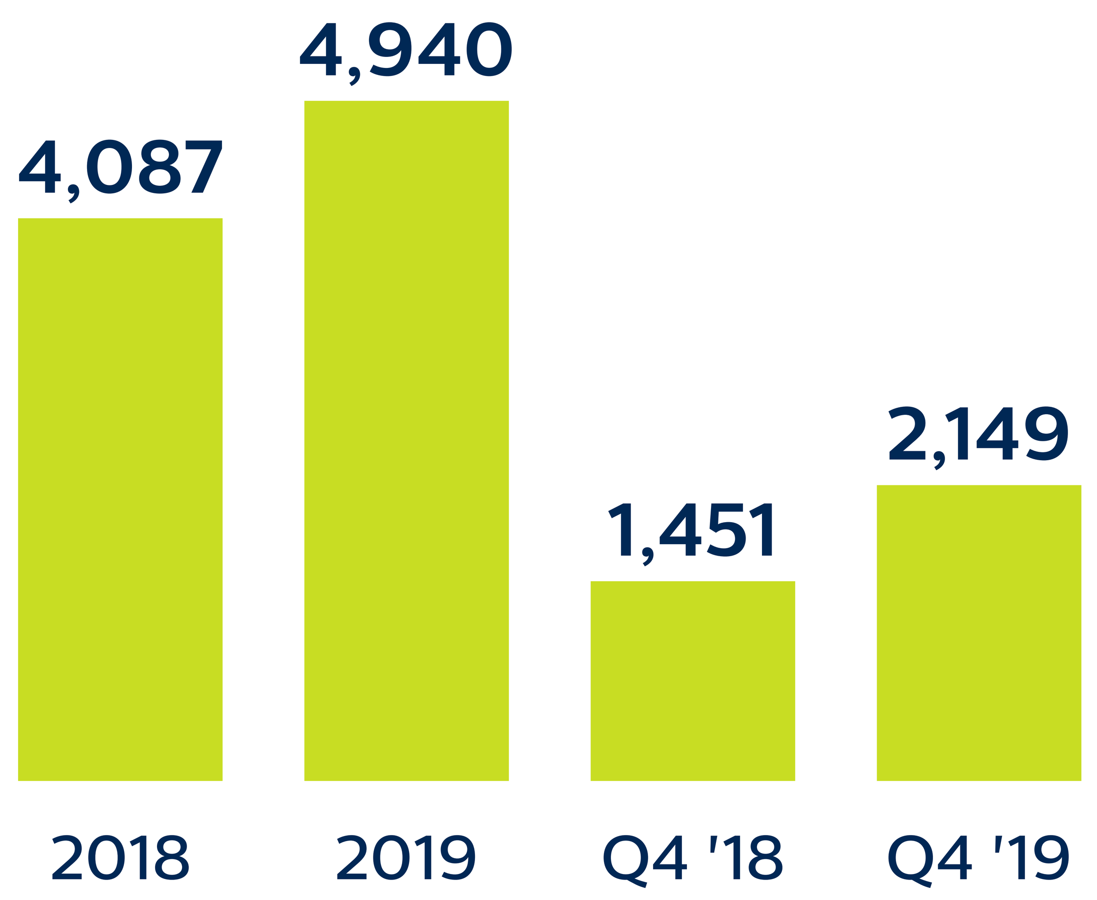
Operating Profit
(TL mn)



Net Income
(TL mn)



Capex
(TL mn)



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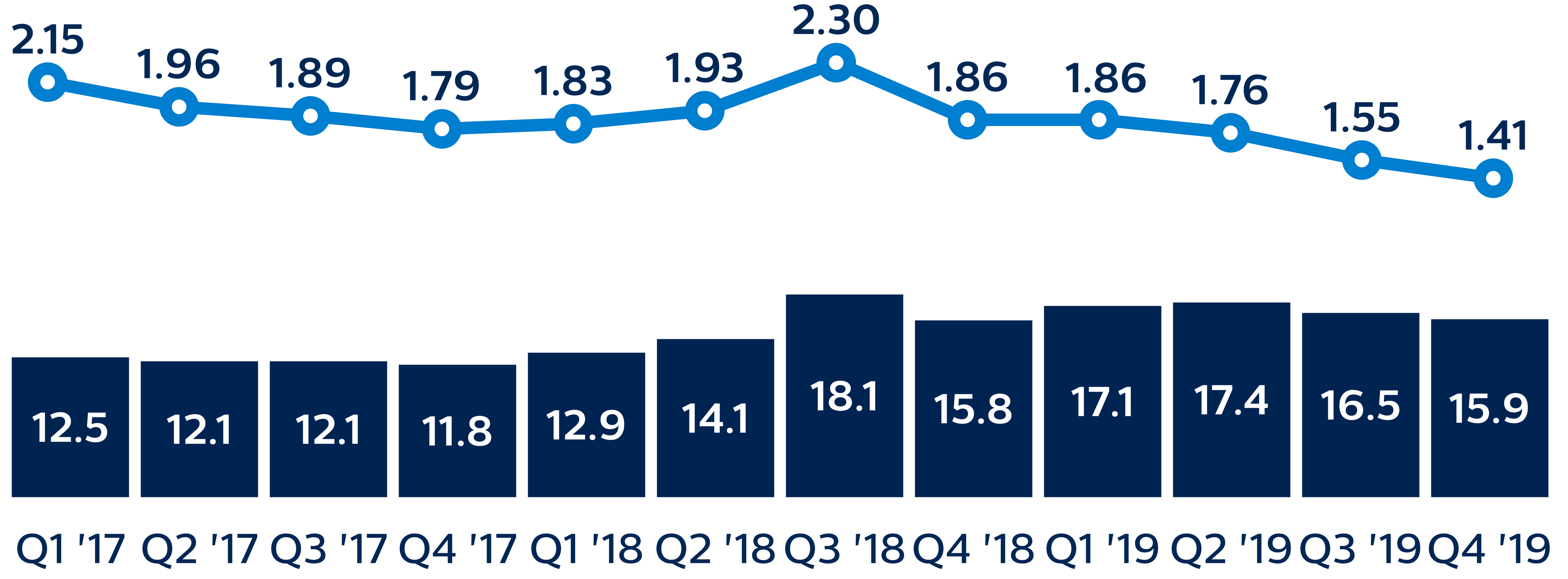
Debt Profile

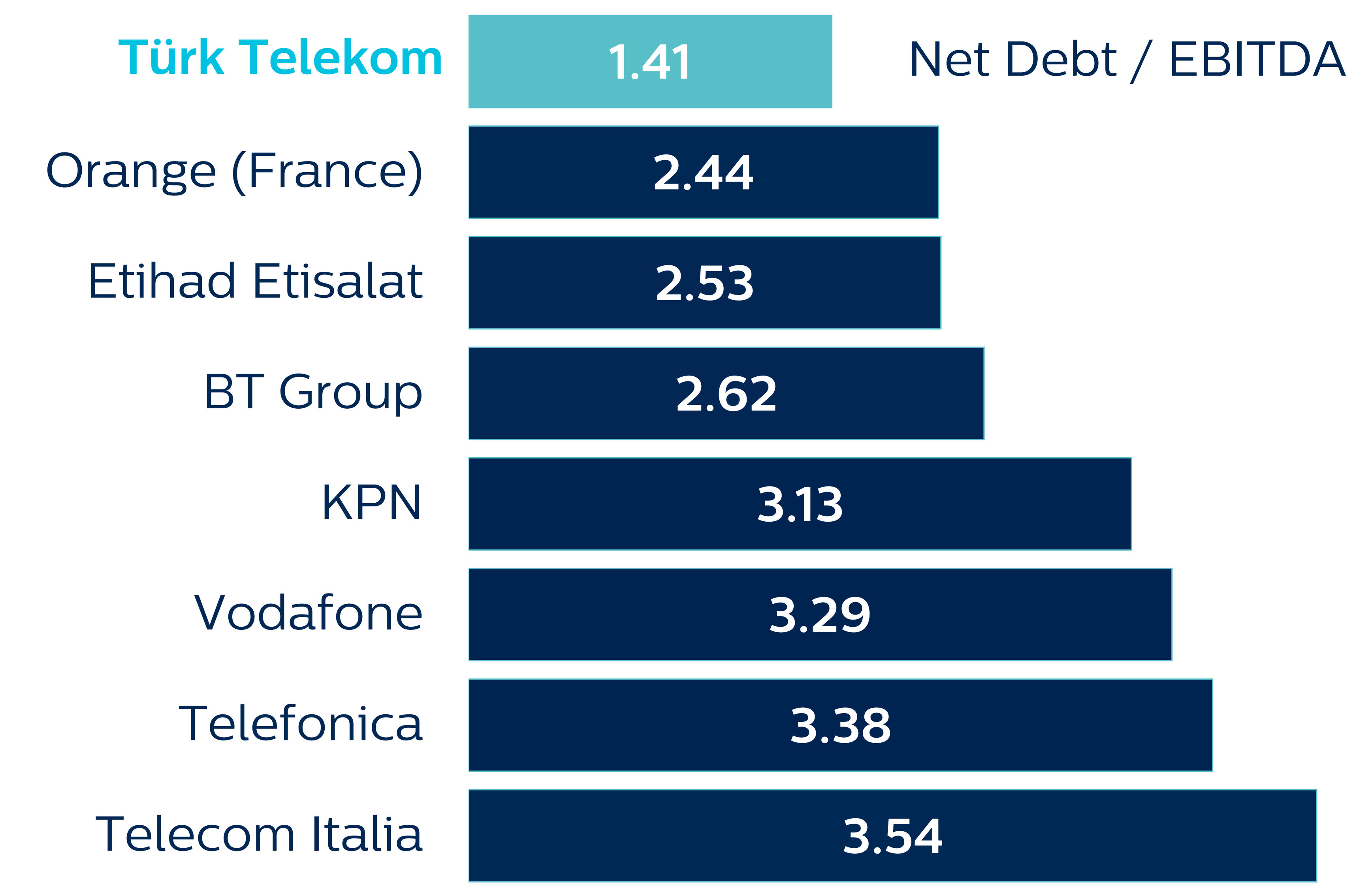
Net Debt



Note: Net Debt calculation includes MTM from FX to TRY Currency Swaps

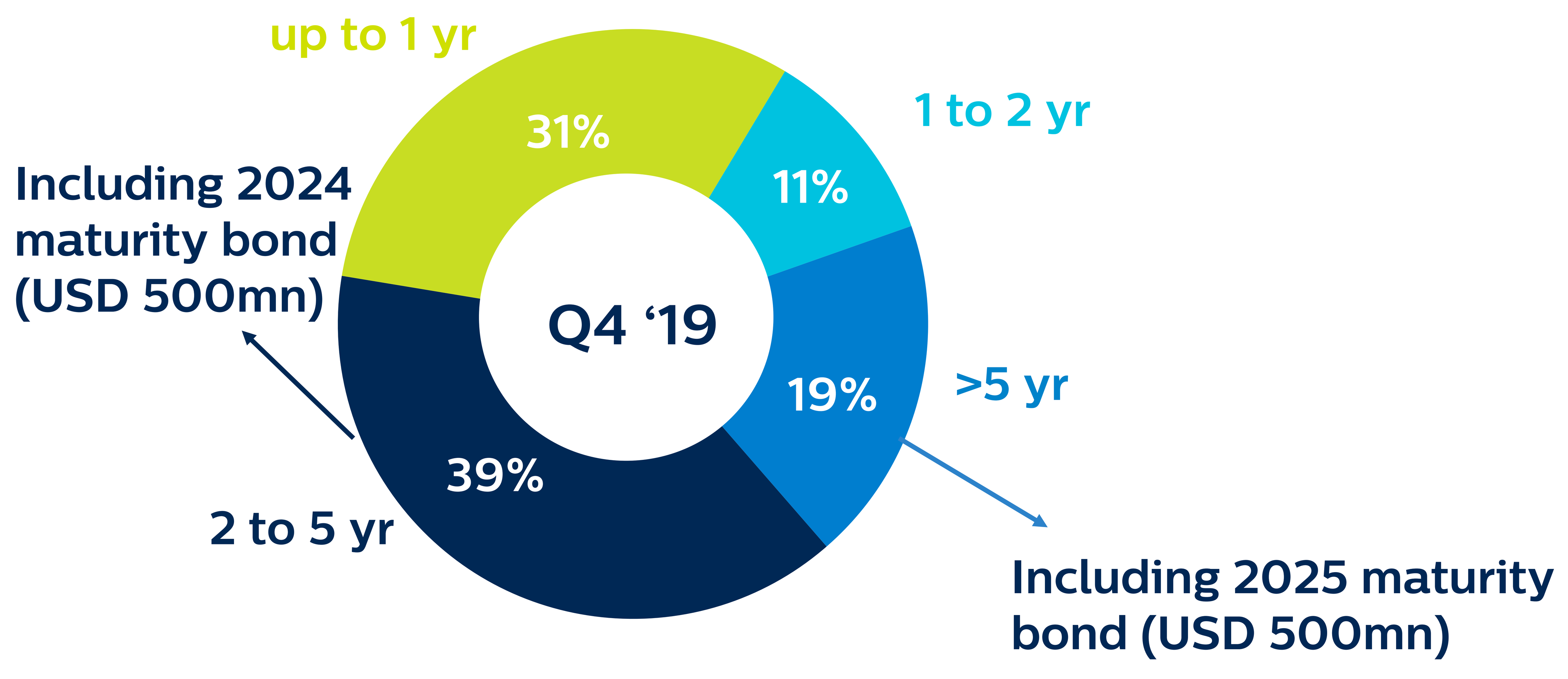
Net Debt/EBITDA calculation excludes extraordinary claims EBITDA calculation

Low debt ratio among peers



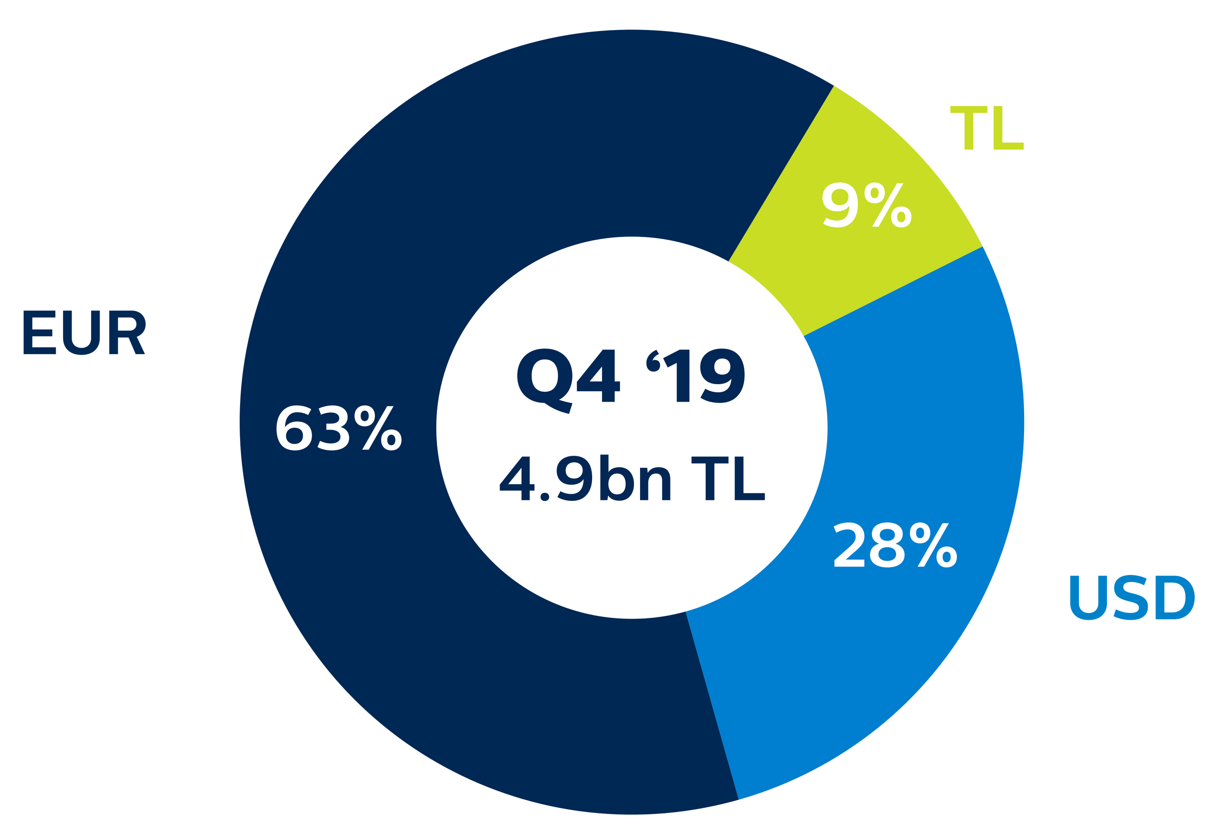
Source: Bloomberg
Türk Telekom's ratio is based on Q4'19 financials; other's based on their latest data

Maturity Profile

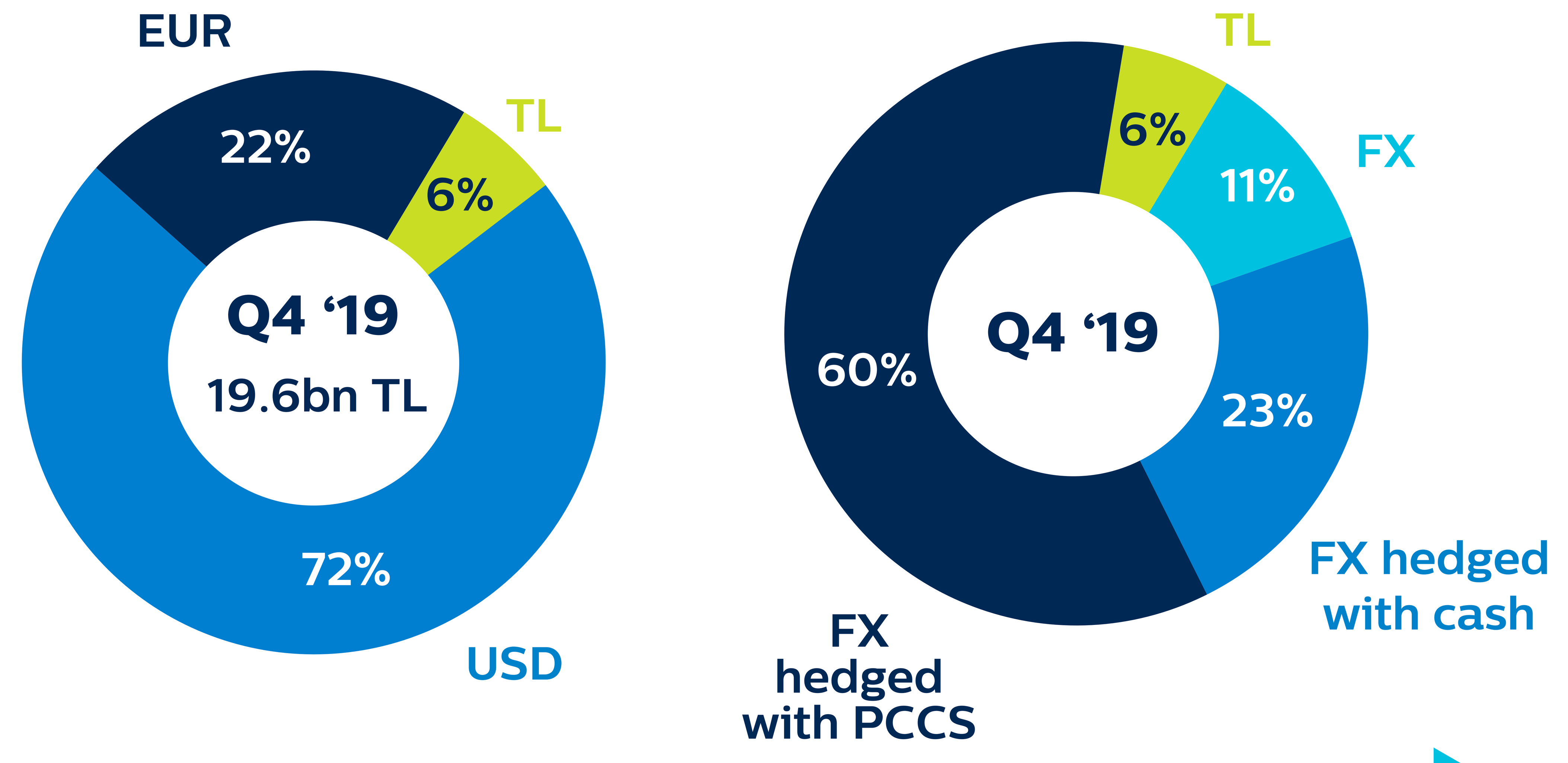


All loans are senior unsecured

Cash FX Breakdown



Gross Debt FX Breakdown



Debt Profile

Prudent Balance Sheet Management

- FX Risks reduced via Participating Cross Currency Swaps (PCCS), FX based cash, and higher utilization of TL based financing
- Hedge in both principal and interests of designated debt instruments
- Diversified funding terms of instruments (bonds, ECAs, commercial loans, and IFIs) and geography
- Significant improvement in cash flow generation with normalized Capex cycle and increasing EBITDA

Corporate Credit Ratings

Fitch Ratings

Long Term Rating: BB-

Outlook Stable

S&P Global Ratings

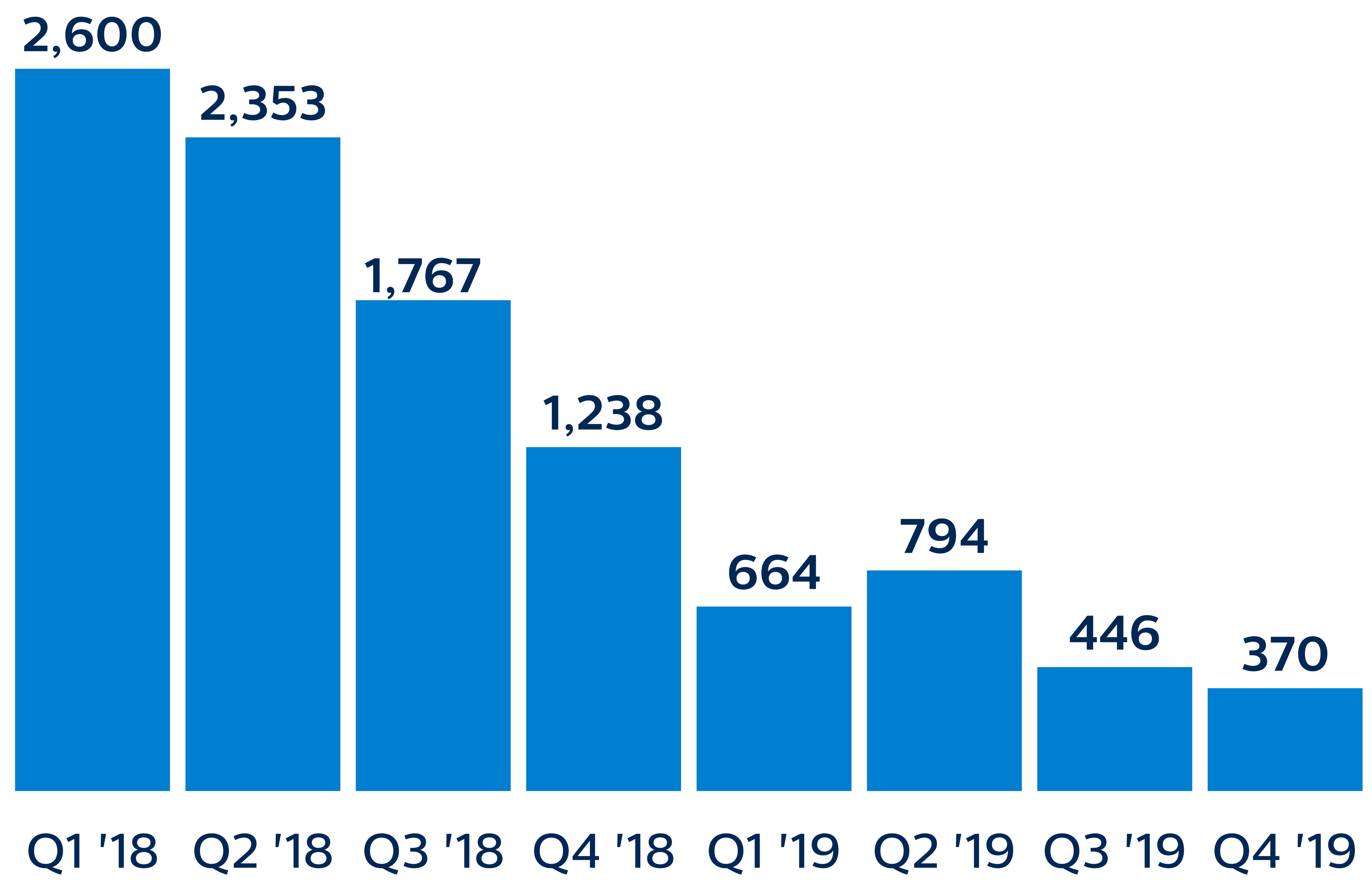
Long Term Rating: BB-

Outlook Stable

Stand-alone Credit Profile (SACP): bbb-

Net FX Exposure *

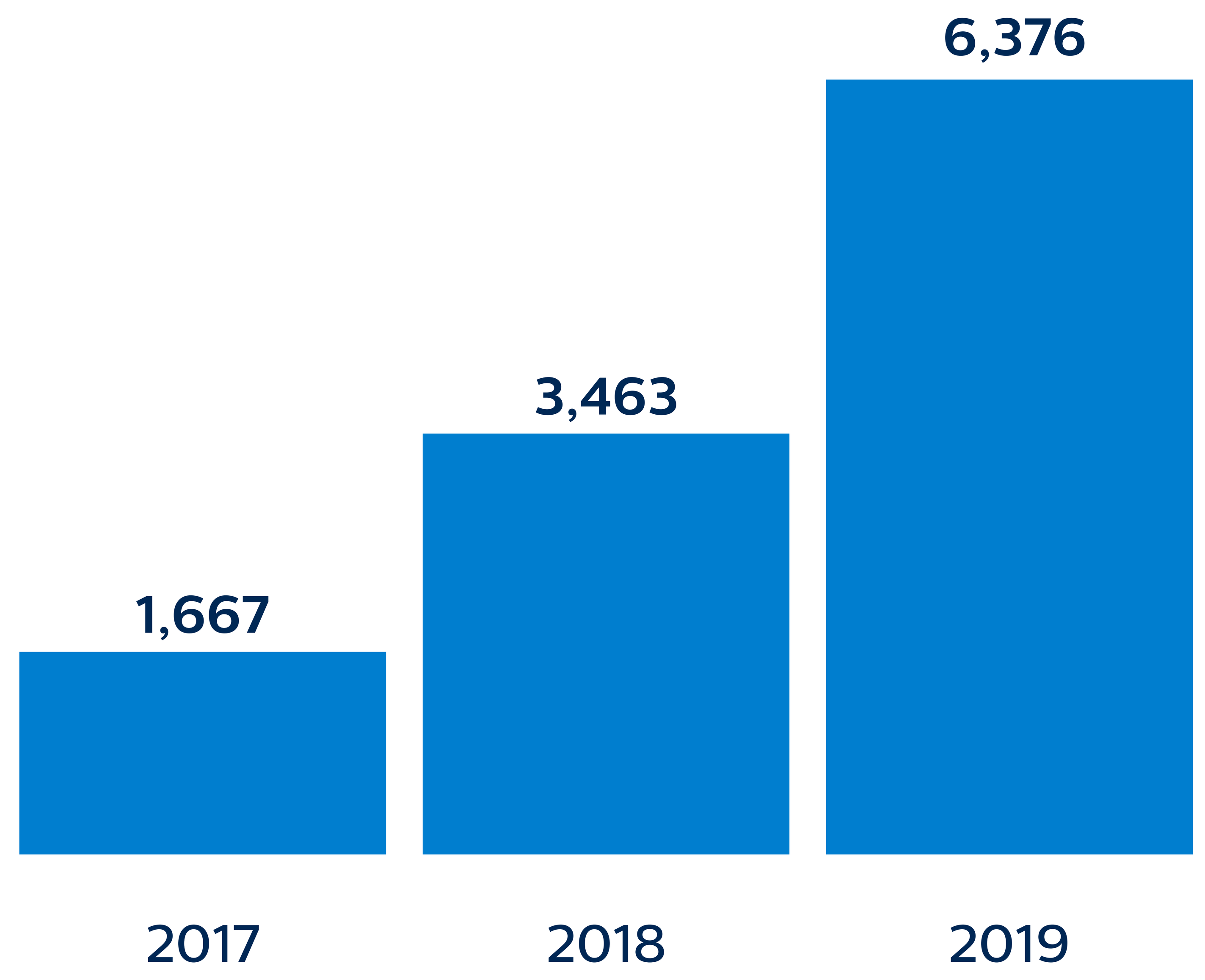
(USD mn equivalent)



*Net FX exposure is calculated as FX based financial debt less FX hedge position less FX based cash and cash equivalents. Debt calculation excludes lease obligations.

Increasing Cash Flow*

(TL mn)



*Unlevered cash flow is defined as net cash provided by operating and investing activities from operations.

Guidance

TL mn	2019 YE	2020 Guidance
Revenue **(exc. IFRIC 12)**[1]	22,634	Around 14% growth
EBITDA	11,170	Around TL 12.4 bn
CAPEX	4,940	Around TL 5.8 bn

(1) IFRIC 12 adjustment is a non-operational revenue line booked in conjunction with upgrades to our fixed line infrastructure such as the upgrade from copper to fiber based network.

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Appendix

Income Statement

(TL mn)	2018	2019	YoY Change	Q4 '18	Q4 '19	YoY Change
Revenues	**20,431**	**23,657**	**15.8%**	**5,398**	**6,284**	**16.4%**
EBITDA	**8,436**	**11,170**	**32.4%**	**2,229**	**2,828**	**26.9%**
Margin	41.3%	47.2%		41.3%	45.0%	
Operating Profit	**4,701**	**6,424**	**36.7%**	**1,244**	**1,600**	**28.6%**
Margin	23.0%	27.2%		23.0%	25.5%	
Financial Inc. / (Exp.)	**(6,723)**	**(3,689)**	**(45.1)%**	**1,413**	**(939)**	**n.m.**
FX & Hedging Gain / (Loss)	(5,982)	(1,439)	(75.9)%	1,736	(366)	n.m.
Interest Inc./(Exp.)	(659)	(1,919)	191.3%	(216)	(542)	150.8%
Other Financial Inc./(Exp.)	(82)	(331)	302.6%	(107)	(30)	(71.9)%
Tax Expense	**631**	**(328)**	**n.m.**	**(442)**	**(117)**	**(73.6)%**
Net Income	**(1,391)**	**2,407**	**n.m.**	**2,215**	**545**	**(75.4)%**
Margin	n.m.	10.2%		41.0%	8.7%	

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Balance Sheet

(TL mn)	31.12.2018	30.09.2019	31.12.2019
Total Assets	**36,199**	**38,293**	**39,909**
Cash and Cash Equivalents	4,495	4,767	4,946
Tangible Assets[1]	14,274	14,058	14,727
Intangible Assets	9,783	9,772	10,328
Other Assets[2]	7,647	9,696	9,908
Total Equities and Liabilities	**36,199**	**38,293**	**39,909**
Share Capital	3,260	3,260	3,260
Reserves, Retained Earnings and Other Equity Items	4,193	5,725	6,183
Interest Bearing Liabilities[3]	19,921	20,584	20,783
Other Liabilities[4]	8,823	8,724	9,683

Türk Telekom adopted IFRS 16 accounting standards starting from 1 January 2019. For further details please refer to "Financial Footnotes" & "Summary Financial and Operational xls" on our web site.

(1) Tangible assets include property, plant and equipment and investment property

(2) Major items within other assets are trade receivables, due from related parties, inventories, deferred tax asset, right of use, tax assets and other current assets.

(3) Includes short-term and long-term borrowings and lease obligations

(4) Major items within other liabilities are deferred tax liability, trade payables, provisions, income tax payable, due to related parties, other current liabilities and provisions for employee termination benefits

IFRS 16 Adoption Reconcilation

(TL mn)	Q4 '19	IFRS 16 Impact	Q4 '19 w/o adoption of IFRS 16
Revenues	6,284	0	6,284
EBITDA	2,828	206	2,623
Margin	45.0%		41.7%
Operating Profit	1,600	45	1,555
Margin	25.5%		24.7%
Financial Inc. / (Exp.)	(939)	(55)	(884)
FX & Hedging Gain / (Loss)	(366)	(8)	(359)
Interest Inc./(Exp.)	(542)	(47)	(495)
Other Financial IInc./(Exp.)	(30)		(30)
Tax Expense	(117)	0	(116)
Net Income	545	(11)	555
Margin	8.7%		8.8%

Türk Telekom adopted IFRS 16 accounting standards starting from 1 January 2019. For further details please refer to "Financial Footnotes" & "Summary Financial and Operational xls" on our web site.

IFRS 16 Adoption Reconcilation

(TL mn)	31.12.2019	IFRS 16 Impact	31.12.2019 w/o adoption of IFRS 16
Total Assets	**39,909**	**1,078**	**38,831**
Cash and Cash Equivalents	4,946		4,946
Tangible Assets	14,727		14,727
Intangible Assets	10,328		10,328
Rights of Use Assets	1,366	1,366	0
Other Assets	8,543	(287)	8,830
Total Equities and Liabilities	**39,909**	**1,078**	**38,831**
Share Capital	3,260		3,260
Reserves, Retained Earnings and Other Equity Items	6,183	(61)	6,244
Interest Bearing Liabilities	20,783	1,138	19,645
Other Liabilities	9,683	1	9,682

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